ABSTRACT OF THE DISCLOSURE

A financial processing system that accesses account, event and organization attributes from a relational database management database, wherein: (1) the account attributes comprise data about accounts being measured, (2) the event attributes comprise data about account-related transactions, and (3) the organization attributes comprise data about the organization's financial status. Profitability calculations are performed in the computer using the account, event and organization attributes accessed from the relational database management system, as well as one or more profit factors and one or more rules. The profitability calculations comprise the following:

$$\text{Profit}(a_i) = \text{Net Interest Revenue (NIR)}(a_i)$$
$$+ \quad \text{Other Revenue (OR)}(a_i)$$
$$- \quad \text{Direct Expense (DE)}(a_i)$$
$$- \quad \text{Indirect Expense (IE)}(a_i)$$
$$- \quad \text{Risk Provision (RP)}(a_i)$$

for an account a_i. Thereafter, one or more earnings calculations are performed in the computer using results from the profitability calculations, as well as shareholder value add attributes and tax adjustment attributes accessed from the database. The earnings calculations comprise the following:

$$E(a_i) = [\, \text{Profit}(a_i) - \text{SVA}(a_i) \,] * (1 - \text{EffectiveTaxRate})$$

wherein:

$\text{EffectiveTaxRate} = (1 - \text{tax rate}_2) * (\text{tax rate}_1) + \text{tax rate}_2$, tax rate_1 and tax rate_2 are effective rates, tax rate_2 is deducted from income, and tax rate_1 is not deducted from income,

$\text{SVA}(a_i) = \text{Risk Adjusted Hurdle Rate} * \text{Allocated Capital}$,

$\text{Risk Adjusted Hurdle Rate} = \alpha + \beta(a_i) * x$,

α is a risk free rate on capital,

x is a market premium of a Financial Institution's capital relative to the market, and

$\beta(a_i)$ is a function of a cohort of accounts in which a_i is a member.

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